

2007

## Montana Individual Income Tax Return

MONTANA

For the year Jan 1 – Dec 31, 2007 or the tax year beginning \_\_\_\_\_, 2007, ending \_\_\_\_\_, 20

Form 2

<input type="checkbox"/> Check here if this is an Amended Return.  <input type="checkbox"/> Check here if this is a NOL Carryback.	<b>Your first name and initial</b> Marvin K	<b>Last name</b> Olsen	<b>Deceased</b> <input type="checkbox"/>	<b>Your social security number</b> 400-00-6815
	<b>Spouse's first name and initial</b> Betty O	<b>Last name</b> Olsen	<b>Deceased</b> <input type="checkbox"/>	<b>Spouse's social security number</b> 400-00-6813
<b>Mailing address</b> 20 Eden Quay		<b>City</b> Dublin	<b>State</b> Ireland	<b>Zip+4</b>

**Filing Status** (check only one box)  
1. ☐ Single  
2. ☐ Married filing jointly  
3a. ☒ Married filing separately on the same form  
3b. ☐ Married filing separately on separate forms. Spouse's SSN \_\_\_\_\_  
3c. ☐ Married filing separately and spouse not filing. Spouse's SSN \_\_\_\_\_  
4. ☐ Head of household

**Residency Status** (check only one box)

5a. ☐ Resident full year  
5b. ☒ Nonresident full year  
5c. ☐ Resident part-year

Date of change \_\_\_\_\_ State moved to \_\_\_\_\_ State moved from \_\_\_\_\_

Column A (for single, joint, separate, or head of household)  
Column B (for spouse when filing separately using filing status 3a)

<b>Exemptions</b>	6a. <input checked="" type="checkbox"/> Yourself <input type="checkbox"/> 65 or older <input type="checkbox"/> Blind Enter number checked ..... 6a.	1	
	6b. <input checked="" type="checkbox"/> Spouse <input type="checkbox"/> 65 or older <input type="checkbox"/> Blind Enter number checked ..... 6b.		1
	6c. Dependent's first name Last name SSN Relationship Disabled		
	6c. If additional dependents, see instructions on page 8. .... 6c.		
	6d. Add lines 6a thru 6c and enter total exemptions here. .... 6d.	1	1

Enter amounts corresponding to your federal return. Round to nearest dollar. If no entry, leave blank.

<b>Federal Income</b>	7. Wages, salaries, tips, etc. Attach federal Form(s) W-2. .... 7.	50,000	50,000	7.
	8a. Taxable interest. Attach federal Schedule B if required. .... 8a.	20,000	30,000	8a.
	b. Tax-exempt interest. Do not include on line 8a. 8b. A: 10,000 B: 15,000 8b.			
	9a. Ordinary dividends. Attach federal Schedule B if required. .... 9a.	10,000	5,000	9a.
	b. Qualified dividends. .... 9b. A: 7,000 B: 3,500 9b.			
	10. Taxable refunds, credits, or offsets of state and local income taxes. .... 10.	100	100	10.
	11. Alimony received. .... 11.	300	300	11.
	12. Business income or (loss.) Attach federal Schedule C or C-EZ. NAICS: 722410 12.	400	400	12.
	13. Capital gain or (loss.) Attach federal Schedule D if required. .... 13.	10	10	13.
	14. Other gains or (losses.) Attach federal Schedule 4797. .... 14.	12,000	12,000	14.
<b>Federal Adjusted Gross Income</b>	15a. IRA distributions. .... 15a. A: B: Taxable amount 15b.	700	700	15b.
	16a. Pensions and annuities. 16a. A: B: Taxable amount 16b.			16b.
	17. Rental real estate, royalties, partnerships, S corporations, trust. Attach federal Schedule E. 17.	40,000	30,000	17.
	18. Farm income or (loss). Attach federal Schedule F. .... 18.	500	500	18.
	19. Unemployment compensation. .... 19.			19.
	20a. Social security benefits. 20a. A: B: Taxable amount 20b.			20b.
	21. Other income. List type and amount: 21.	500	500	21.
	22. Add the amounts in the far right columns for lines 7 thru 21. This is your total income. 22.	134,510	129,510	22.
	23. Educator expenses. .... 23.			23.
	24. Certain business expenses or reservist, etc. Attach Schedule 2106 or 2106EZ. .... 24.			24.
<b>Montana AGI</b>	25. Health savings account deduction. Attach federal Form 8889. .... 25.			25.
	26. Moving expenses. Attach federal Form 3903. .... 26.			26.
	27. One-half of self-employment tax. Attach federal Schedule SE. .... 27.	64	64	27.
	28. Self-employed SEP, SIMPLE, and qualified plans. .... 28.			28.
	29. Self-employed health insurance deduction. .... 29.			29.
	30. Penalty on early withdrawal of savings. .... 30.			30.
	31a. Alimony paid. 31b. Recipient's SSN A: B: 31a.			31a.
	32. IRA deduction. .... 32.			32.
	33. Student loan interest deduction. .... 33.			33.
	34. Tuition and fees deduction. Attach Form 8917. .... 34.			34.
35. Domestic production activities deduction. Attach federal Form 8903. .... 35.			35.	
36. Add lines 23 through 35 and enter the result here. <input checked="" type="checkbox"/> Federal write-ins 36.	1,064	1,064	36.	
37. Subtract line 36 from line 22 and enter result here. .... 37.	133,446	128,446	37.	
37a. Combine amounts on line 37 columns A and B and enter result here. This is your federal adjusted gross income. 37a.		261,892	37a.	
38. Enter Montana additions to federal AGI from Form 2, page 3, Schedule I, line 20. Attach Form 2, page 3, Schedule I. .... 38.	1,200	1,200	38.	
39. Enter Montana subtractions from federal AGI from Form 2, page 4, Schedule II, line 35. Attach Form 2, page 4, Schedule II. .... 39.	100	100	39.	
40. Add lines 37 and 38; subtract line 39. This is your Montana adjusted gross income. .... 40.	134,546	129,546	40.	

	Column A (for single, joint, separate, or head of household)	Column B (for spouse when filing separately using filing status 3a)								
41. Montana adjusted gross income from line 40.....	134,546	129,546								
<b>Deductions</b>										
42. (A) Standard Deduction (see Worksheet V on page 39) (A) <input type="checkbox"/>										
(B) Itemized Deductions from Form 2, Schedule III, line 33. (B) <input checked="" type="checkbox"/>	20,464	20,664								
43. Subtract line 42 from line 41 and enter the result here.....	114,082	108,882								
<b>Exemptions</b> (all individuals are entitled to at least one exemption.)										
44. Multiply \$2,040 by the number of exemptions on line 6d and enter result here...	2,040	2,040								
45. Subtract line 44 from line 43 and enter the result here. If zero or less, enter zero.	112,042	106,842								
<b>This is your taxable income.</b> .....										
46. Tax from the tax table on page 11. If line 45 is zero, enter zero.....	7,256	6,897								
47. 2% capital gains tax credit.....										
48. Subtract line 47 from line 46 and enter the result here, but not less than zero. <b>This is your resident tax after capital gains tax credit.</b> .....	7,256	6,897								
48a. Nonresident, part-year resident tax after capital gains tax credit. Enter here the amount from Form 2, Schedule IV, line 21, but not less than zero. ....	3,358	3,314								
49. Tax on lump-sum distributions. See instructions. Attach federal Form 4972.....										
50. Add lines 48 or 48a and 49 and enter the result here. <b>This is your total tax.</b> .....	3,358	3,314								
51. Nonrefundable single-year credits from Form 2, Schedule V, line 13.....										
52. Nonrefundable carryover credits from Form 2, Schedule V, line 27.....										
53. Add lines 51 and 52 and enter the result here but do not enter an amount larger than the amount on line 50. <b>This is your total nonrefundable credits.</b> .....										
54. Family education savings account recapture tax.....										
55. Endowment credit recapture tax.....										
56. Rural physician's credit recapture tax.....										
57. Add lines 54 through 56 and enter result here. <b>This is your total recapture tax.</b> .....										
58. Add lines 50 and 57 and then subtract from this total the amount on line 53 and enter the result here. <b>This is your 2007 tax liability.</b> .....	3,358	3,314								
59. Montana income tax withheld. Attach federal Form(s) W-2 and 1099.....	2,000	2,000								
60. 2007 estimated tax payments and amount applied from your 2006 return.....	1,500	1,500								
61. 2007 extension payments from Form EXT-07.....	500	500								
62. Refundable credits from Form 2, Schedule V, line 33.....										
63. Add lines 59 through 62 and enter the result here. <b>This is your total payments and refundable credits.</b> .....	4,000	4,000								
64. Subtract line 63 from line 58. <b>This is your net tax due or overpayment.</b> .....	(642)	(686)								
65. Combine the amounts on line 64 columns A and B and enter the result here.....		(1,328)								
66. Interest on underpayment of estimated taxes. (See instructions on page 12.).....										
67. Late file, late payment penalties and interest. (See instructions and worksheet on page 13.).....										
68. Other penalties. (See instructions on page 13.).....										
69. Enter in boxes 69a through 69d your voluntary check-off contributions.										
<table border="1"> <tr> <td>Nongame wildlife program</td> <td>Child abuse prevention</td> <td>Agriculture in schools</td> <td>End-stage renal disease program</td> </tr> <tr> <td>69a.</td> <td>69b.</td> <td>69c.</td> <td>69d.</td> </tr> </table>	Nongame wildlife program	Child abuse prevention	Agriculture in schools	End-stage renal disease program	69a.	69b.	69c.	69d.	Enter the sum of 69a through 69d here.....	69.
Nongame wildlife program	Child abuse prevention	Agriculture in schools	End-stage renal disease program							
69a.	69b.	69c.	69d.							
70. Add the amounts on lines 66, 67, 68, and 69 and enter the result here. <b>This is the sum of your total penalties, interest and contributions.</b> .....		70.								
71. If the amount on line 65 is a net tax due, add lines 65 and 70 and enter the result here. <b>This is the amount you owe.</b> .....		71.								
72. If the amount on line 65 is an overpayment, reduce the overpayment by the amount (if any) reported on line 70 and enter the result here as a positive number.....	1,328	72.								
73. Enter the amount on line 72 that you want applied to your 2008 estimated tax.....	1,000	73.								
74. Subtract line 73 from line 72 and enter the amount here. <b>This is your refund.</b> .....	328	74.								

If you wish to use direct deposit, enter your RTN# and ACCT# below.

RTN#  ACCT# 
☐ Checking  
☐ Savings

If applicable, check appropriate box.

☐ 2/3rd farming gross income

☐ Annualized estimated payments

☐ Do not mail 2008 forms and instructions

Name, address and telephone number of paid preparer.

SSN, FEIN or PTIN:

☐ Check this box and attach a copy of your federal Form 4868 to receive your Montana extension.

May the DOR discuss this return with your tax preparer? ☒ Yes ☐ No Questions? Call (406) 444-6900 or TDD (406) 444-2830 for hearing impaired.

x \_\_\_\_\_ (406) 444-6957 x \_\_\_\_\_

Your signature is required Date Daytime telephone number Spouse's signature Date

I declare under penalty of false swearing that the information in this return and attachments is true, correct and complete.

<b>Schedule I - Montana Additions to Federal Adjusted Gross Income</b> Enter on the corresponding line your additions to federal adjusted gross income. File Schedule I with your Montana Form 2.		Column A (for single, joint, separate, or head of household)	Column B (for spouse when filing separately using filing status 3a)
1. Interest and mutual fund dividends from state, county, or municipal bonds from other states .....	1.	300	300 1.
2. Dividends not included in federal adjusted gross income.....	2.	600	600 2.
3. Taxable federal refunds. Complete Worksheet II on page 37.....	3.	100	100 3.
4. Taxable Montana homeowner property tax refund .....	4.	50	50 4.
5. Other recoveries of amounts deducted in earlier years that reduced Montana taxable income. Complete Worksheet IX .....	5.		
6. Addition to federal taxable social security/railroad retirement. Complete Worksheet VIII on page 41 .....	6.		
7. Passive and rental income or loss adjustment .....	7.		
8. Capital loss adjustment .....	8.		
9. Sole proprietor's allocation of compensation to spouse .....	9.		
10. Medical care savings account nonqualified withdrawals .....	10.		
11. First-time home buyer savings account nonqualified withdrawals.....	11.		
12. Farm and ranch risk management account taxable distributions .....	12.	100	100 12.
13. Addition for dependent care assistance credit adjustment.....	13.		
14. Addition for smaller federal estate and trust taxable distributions .....	14.	50	50 14.
15. Federal net operating loss carryover reported on Form 2, line 21.....	15.		
16. Share of federal income taxes paid by your S. corporation.....	16.		
17. Title plant depreciation and amortization .....	17.		
18. Premiums for Insure Montana Small Business Health Insurance credit.....	18.		
19. Other additions. Specify: .....	19.		
20. Add lines 1 through 19. Enter total here and on Form 2, line 38. <b>This is your total Montana additions to federal adjusted gross income.</b> .....	20.	1,200	1,200 20.

2007 Montana Individual Income Tax Table									
If your taxable income is over	but not over	multiply your taxable income by	and subtract	equals your tax	If your taxable income is over	but not over	multiply your taxable income by	and subtract	equals your tax
\$0	\$2,500	0.010	\$0		\$9,000	\$11,600	0.050	\$225	
\$2,500	\$4,400	0.020	\$25		\$11,600	\$14,900	0.060	\$341	
\$4,400	\$6,600	0.030	\$69		\$14,900 or more		0.069	\$475	
\$6,600	\$9,000	0.040	\$135						

For example: Taxable income \$4,500 X 0.030 (3%) = \$135. \$135 minus \$69 = \$66 tax

<b>Schedule II - Montana Subtractions from Federal Adjusted Gross Income</b> Enter on the corresponding line your subtractions from federal adjusted gross income. File Schedule II with your Montana Form 2.		Column A (for single, joint, separate, or head of household)	Column B (for spouse when filing separately using filing status 3a)
1. Exempt interest and dividends from federal bonds, notes, and obligations. ....	1.		
2. Exempt tribal income. Attach Montana Form IND. ....	2.		
3. Exempt unemployment compensation. ....	3.		
4. Exempt workers' compensation benefits. ....	4.		
5. Exempt capital gains and dividends from small business investment companies. ....	5.		
6. State income tax refunds included in Montana Form 2, line 10. ....	6.	100	100
7. Recoveries of amounts deducted in earlier years that did not reduce Montana income. ....	7.		
8. Exempt military salary of residents on active duty. ....	8.		
9. Exempt income of nonresident military servicepersons and spouses. ....	9.		
10. Exempt life-insurance premiums reimbursement for National Guard and Reservist. ....	10.		
11. Partial pension and annuity income exemption. Report Tier II Railroad Retirement on line 23 below. ....	11.		
12. Partial interest exemption from taxpayers 65 and older. ....	12.		
13. Partial retirement disability income exemption for taxpayers under age 65. ....	13.		
14. Exemption for certain taxed tips and gratuities. ....	14.		
15. Exemption for certain income of child taxed to parent. ....	15.		
16. Exemption for certain health insurance premiums taxed to employee. ....	16.		
17. Exemption for student loan repayments taxed to health care professional. ....	17.		
18. Exempt medical care savings account deposits and earnings. ....	18.		
19. Exempt first-time home buyer savings account deposits and earnings. ....	19.		
20. Exempt family education savings account deposits and earnings. ....	20.		
21. Exempt farm and ranch risk management account deposits. ....	21.		
22. Subtraction to federal taxable social security/Tier I Railroad Retirement reported on Form 2, line 20b. ....	22.		
23. Subtraction for federal taxable Tier II Railroad Retirement benefits reported on Form 2, line 16b. ....	23.		
24. Passive loss carryover exclusion. ....	24.		
25. Capital loss adjustment. ....	25.		
26. Subtraction of sole proprietor for allocation of compensation to spouse. ....	26.		
27. Montana net operating loss carryover from Montana Form NOL, Schedule B. ....	27.		
28. 40% capital gain exclusion for pre-1987 installment sales. ....	28.		
29. Subtraction for business related expenses for purchasing recycled material. ....	29.		
30. Subtraction for sales of land to beginning farmers. ....	30.		
31. Subtraction for larger federal estate and trust taxable distribution. ....	31.		
32. Subtraction for wage deduction reduced by federal targeted jobs credit. ....	32.		
33. Subtraction for certain gains recognized by liquidating corporation. ....	33.		
34. Other subtractions. Specify: _____	34.		
35. Add lines 1 through 34, enter total here and on Form 2, line 39. <b>This is your total Montana subtractions from federal adjusted gross income.</b> ....	35.	100	100

<b>Schedule III - Montana Itemized Deductions</b> Enter on the corresponding line your itemized deductions. File Schedule III with your Montana Form 2.				Column A (for single, joint, separate or head of household)	Column B (for spouse when filing separately using filing status 3a)
1. Medical and dental expenses. .... 1.	A:	B:	1.		
2. Enter amount from Form 2, line 41. .... 2.	A: 134,546	B: 129,546	2.		
3. Multiply line 2 by 0.075 (7.5%) .... 3.	A: 10,091	B: 9,716	3.		
4. Subtract line 3 from line 1 and enter result here but not less than zero. <b>This is your deductible medical and dental expense subject to 7.5% of Montana AGI.</b> .... 4.			4.		
5. Medical insurance premiums not deducted elsewhere on your return. .... 5.			5.		
6. Long term care insurance premiums not deducted elsewhere on your return. .... 6.			6.		
Complete lines 7a through 7d reporting your total federal income tax payments made in 2007 before completing line 7e. You cannot deduct your self-employment taxes paid on lines 7a through 7d.					
7a. Federal income tax withheld in 2007. .... 7a.	A: 7,500	B: 6,000	7a.		
7b. Federal estimated tax payments paid in 2007. .... 7b.	A: 1,000	B: 1,000	7b.		
7c. 2006 federal income taxes paid in 2007. .... 7c.	A: 350	B: 350	7c.		
7d. Other back year federal income taxes paid in 2007. .... 7d.	A: 1,000	B: 1,000	7d.		
7e. Add lines 7a through 7d and enter result here. Do not enter more than \$5,000 if you are filing single, married filing separately or head of household, or \$10,000 if filing a joint return. <b>This is your federal income tax deduction.</b>					
<b>OR</b>					
General sales taxes paid in 2007. See instructions page 24. .... 7e.		5,000	5,000	7e.	
8. Local income taxes paid in 2007. See instructions on page 24. .... 8.				8.	
9. Real estate taxes paid in 2007. .... 9.		6,000	6,000	9.	
10. Personal property taxes paid in 2007. .... 10.		1,400	1,400	10.	
11. Other deductible taxes. List type and amount: .... 11.		769	769	11.	
12. Home mortgage interest and points reported to you on federal Form 1098. .... 12.		3,500	3,500	12.	
13. Home mortgage interest not reported to you on federal Form 1098. If paid to the person from whom you bought the house, provide name, SSN, and address. .... 13.				13.	
14. Points not reported to you on federal Form 1098. .... 14.				14.	
15. Qualified mortgage insurance premiums .... 15.		794	794	15.	
16. Investment interest, Attach federal Form 4952. .... 16.				16.	
17. Contributions made by cash or check during 2007. .... 17.		1,000	1,000	17.	
18. Contributions made other than by cash or check .... 18.				18.	
19. Contribution carryover from the prior year. .... 19.		250	250	19.	
20. Child and dependent care expenses. Attach Montana Form 2441M. .... 20.				20.	
21. Casualty and theft loss(es). Attach federal Form 4684. .... 21.		900	900	21.	
22. Unreimbursed employee business expenses. Attach federal Form 2106 or 2106EZ. .... 22.	A: 3,300	B: 3,400	22.		
23. Other expenses. List type and amount: .... 23.	A: 269	B: 169	23.		
24. Add lines 22 and 23. .... 24.	A: 3,569	B: 3,569	24.		
25. Enter the amount on Form 2, line 41 .... 25.	A: 134,546	B: 129,546	25.		
26. Multiply line 25 by 0.02 (2%) .... 26.	A: 2,691	B: 2,591	26.		
27. Subtract line 26 from line 24 and enter the result here, but not less than zero. .... 27.		878	978	27.	
28. Political contributions (limited to \$100 per taxpayer) .... 28.		100	100	28.	
29. Other miscellaneous deductions not subject to 2% of Montana AGI. List type and amount: .... 29.		500	500	29.	
30. Gambling losses allowed under federal law. .... 30.		500	500	30.	
31. Add lines 4 through 6; 7e through 21; and 27 through 30 and enter result here. .... 31.		21,591	21,691	31.	
If the amount on Form 2, line 41 is more than \$156,400 if married filing jointly, or more than \$78,200 if married filing separately complete Worksheet VI - Itemized Deduction Worksheet, otherwise enter zero on line 32.					
32. Enter the amount from the itemized deduction Worksheet VI, line 11. <b>This is the amount of your non-allowed itemized deductions.</b> .... 32.		1,127	1,027	32.	
33. Subtract line 32 from line 31 and enter the result here and on Form 2, line 42. <b>This is the amount of your allowable itemized deductions.</b> .... 33.		20,464	20,664	33.	



<b>Schedule IV - Nonresident/Part-year Resident Tax</b> Enter on lines 1 through 15 your Montana source income that is included in Montana adjusted gross income on Form 2, lines 7 through 21 and line 38. File Schedule IV with your Montana Form 2.		Column A (for single, joint, separate, or head of household)	Column B (for spouse when filing separately using filing status 3a)	
1. Montana wages, salaries, tips, etc. included on Form 2, line 7	1.	50,000	50,000	1.
2. Montana taxable interest included on Form 2, line 8a	2.	1,000	1,500	2.
3. Montana ordinary dividends included on Form 2, line 9a	3.	2,000	1,500	3.
4. Montana taxable refunds, credits, or offsets of state and local income taxes included on Form 2, line 10	4.	100	100	4.
5. Montana alimony received included on Form 2, line 11	5.	300	300	5.
6. Business income or (loss) included on Form 2, line 12	6.	400	400	6.
7. Capital gain or (loss) included on Form 2, line 13	7.	10	10	7.
8. Other gains or (losses) included on Form 2, line 14	8.	3,000	3,000	8.
9. Taxable IRA distribution included on Form 2, line 15b	9.	700	700	9.
10. Taxable pension and annuities included on Form 2, line 16b	10.			10.
11. Rental real estate, royalties, partnerships, S corporations, trust, etc. included on Form 2, line 17	11.	4,000	4,000	11.
12. Farm income or (loss) included on Form 2, line 18	12.	500	500	12.
13. Taxable social security benefits included on Form 2, line 20b	13.			13.
14. Other income included on Form 2, line 21	14.	500	500	14.
15. Montana source additions to income reported on Form 2, Schedule I	15.	300	300	15.
16. Add lines 1 through 15 and enter result here. <b>This is your Montana source income.</b>	16.	62,810	62,810	16.
17. Add your total federal income from Form 2, line 22 and your Montana additions to federal adjusted gross income from line 38 and enter the result here. (If you are a nonresident military service person and spouse, skip line 17 and go to line 18). This is your total income from all sources. Skip line 18 and go to line 19.	17.	135,710	130,710	17.
18. Nonresident military service persons and spouses only: Add from Form 2, lines 22 and 38, then subtract from this sum your exempt income reported on Form 2, Schedule II, line 9 and enter the result here. This is your total income from all sources	18.			18.
19. Divide the amount on line 16 by the amount on line 17 (line 18 if you are a nonresident military service person and spouse) and enter the result here. Carry to 4 decimal places and do not enter more than 1.0000	19.	.4628	.4805	19.
20. Enter your resident tax after capital gains tax credit from Form 2, line 48	20.	7,256	6,897	20.
21. Multiply the tax on line 20 by the percentage on line 19 and enter the result here and on Form 2, line 48a. <b>This is your nonresident, part-year resident tax after capital gains tax credit.</b>	21.	3,358	3,314	21.

**How do I determine what qualifies as my Montana source income when I am a nonresident of Montana?**

In general, as a nonresident of Montana your Montana source income is all the income that you receive for work that you perform in Montana, income that you receive from real or personal property that is located in Montana, and income that you receive from a business conducted in Montana.

**How do I determine my Montana source income when I am a part-year resident of Montana?**

As a part-year resident you are considered a resident for part of the year and a nonresident for the other part of the year.

In general, for the part of the year that you are a nonresident your Montana source income is all the income that you receive for work that you perform in Montana, income that you receive from real or personal property that is located in Montana, and income that you receive from a business conducted in Montana.

For the part of the year that you are a resident, all of your income

that you receive, no matter where you earn it, is Montana source income.

**Where can I find further information on what is my Montana source income?**

For further information and a line by line description of what Montana source income is, refer to Form 2, Schedule IV.

<b>Schedule V - Montana Tax Credits</b> Enter on the corresponding line your Montana tax credits. File Schedule V with your Montana Form 2.		Column A (for single, joint, separate, or head of household)	Column B (for spouse when filing separately using filing status 3a)
<b>Nonrefundable credits that are single-year credits and HAVE NO carryover provision</b>			
1. Credit for an income tax liability paid to another state or country from Form 2, Schedules VI, line 10 or VII, line 10. ....	1.		1.
2. College contribution credit. Attach Form CC. ....	2.		2.
3. Qualified endowment credit. Attach Form QEC. ....	3.		3.
4. Energy conservation installation credit. Attach Form ENRG-C. ....	4.		4.
5. Alternative fuel credit. Attach Form AFCR. ....	5.		5.
6. Rural physician's credit. ....	6.		6.
7. Health insurance for uninsured Montanans credit. Attach Form HI. ....	7.		7.
8. Elderly care credit. Attach Form ECC. ....	8.		8.
9. Developmental disability account contribution credit. ....	9.		9.
10. Recycle credit. Attach Form RCYL. ....	10.		10.
11. Oilseed crushing and biodiesel/biolubricant production facility credit. Attach Form OSC. ....	11.		11.
12. Biodiesel blending and storage credit and attach Form BBSC. ....	12.		12.
13. Add lines 1 through 12 and enter result here and on Form 2, line 51. <b>This is your total nonrefundable single-year credits.</b> ....	13.		13.
<b>Nonrefundable credits that HAVE a carryover provision</b>			
14. Contractor's gross receipts tax credit. ....	14.		14.
15. Geothermal systems credit. Attach Form ENRG-A. ....	15.		15.
16. Alternative energy systems credit. Attach Form ENRG-B. ....	16.		16.
17. Alternative energy production credit. Attach Form AEPC. ....	17.		17.
18. Dependent care assistance credit. Attach Form DCAC. ....	18.		18.
19. Historic property preservation credit. Attach federal Form 3468. ....	19.		19.
20. Montana capital company credit. ....	20.		20.
21. Infrastructure user's fee credit. ....	21.		21.
22. Empowerment zone credit. ....	22.		22.
23. Increasing research activities credit. Attach Form RSCH. ....	23.		23.
24. Mineral exploration incentive credit. Attach Form MINE-CRED. ....	24.		24.
25. Film employment production credit. Attach Form FPC. Report your credit on this line if you have made the one-time four year carry forward election. ....	25.		25.
26. Adoption credit. Attach federal Form 8839. ....	26.		26.
27. Add lines 14 through 26 and enter result here and on Form 2, line 52. <b>This is your total nonrefundable carryover credits.</b> ....	27.		27.
<b>Refundable credits</b>			
28. Elderly homeowner/renter credit. Attach Form 2EC. ....	28.		28.
29. \$140 Homeowner income tax credit for property taxes. See page 35. ....	29.		29.
30. Film employment production credit. Attach Form FPC. ....	30.		30.
31. Film qualified expenditure credit. Attach Form FPC. ....	31.		31.
32. Insure Montana small business health insurance credit. Business EIN _____ ....	32.		32.
33. Add lines 28 through 32 and enter result here and on Form 2, line 62. <b>This is your total refundable credits.</b> ....	33.		33.

**Montana Tax Credits**

We have listed the 30 Montana tax credits available to you under three categories. With the exception of the capital gains tax credit, which is required to be applied before any other credit, you are not required to apply any of these 30 tax credits against your income tax liability in any particular order.

**Nonrefundable single-year credits.** Your nonrefundable single-year credits can only be used to offset your 2007 resident, nonresident, or part-year resident tax after capital gains credit and cannot reduce your tax

liability below zero. The unused portion that exceeded your 2007 income tax liability cannot be used in future years.

**Nonrefundable carryover credits.** Your nonrefundable carryover credits can be used to offset your 2007 resident, nonresident, or part-year resident tax after capital gains credit and cannot reduce your tax liability below zero. Your excess credits that were not applied against your 2007 income tax liability can be carried over and used to offset future year tax liabilities.

**Refundable credits.** Your refundable credits are applied against your income tax liability with any unused credit refunded to you.

<b>Schedule VI - Credit for an Income Tax Liability Paid to Another State or Country. Full-year resident only.</b>	Column A (for single, joint, separate, or head of household)	Column B (for spouse when filing separately using filing status 3a)
1. Enter your income taxable to another state or country that is included in Montana adjusted gross income on Form 2, line 40. Where applicable, this includes your share of income taxes paid that were claimed as a deduction by your S corporation or partnership ..... 1.		1.
2. Enter your total income from the other state or country you used in calculating your income tax paid to that state or country. Include in this total all income exempt from Montana income tax that was subject to tax in the other state or country. Indicate state's abbreviation. A: _____ B: _____ ..... 2.		2.
3. Enter your total Montana adjusted gross income from Form 2, line 40. Where applicable, this includes your share of income taxes paid that are claimed as a deduction by your S corporation or partnership..... 3.		3.
4. Enter your total income tax liability paid to the other state or country ..... 4.		4.
5. Enter your Montana tax liability from Form 2, line 48 ..... 5.		5.
6. Divide line 1 by line 2. Enter the percentage here, but not more than 100% ..... 6.		6.
7. Multiply line 4 by line 6 and enter the result here ..... 7.		7.
8. Divide line 1 by line 3. Enter the percentage here, but not more than 100% ..... 8.		8.
9. Multiply line 5 by line 8 and enter the result here ..... 9.		9.
10. Enter here and on Form 2, Schedule V, line 1, the smaller of the amounts reported on lines 4, 7, or 9 above. This is your credit for an income tax paid to another state or country..... 10.		10.

  

<b>Schedule VII - Credit for an Income Tax Liability Paid to Another State or Country. Part-year resident only.</b>	Column A (for single, joint, separate, or head of household)	Column B (for spouse, when filing separately using filing status 3a)
1. Enter your income taxable to another state or country that is included in Montana source income on Form 2, Schedule IV, line 16, total Montana source income. Where applicable, this includes your share of income taxes paid that were claimed as a deduction by your S corporation or partnership ..... 1.		1.
2. Enter your total income from the other state or country you used in calculating your income tax paid to that state or country. Include in this total all income exempt from Montana income tax that was subject to tax in the other state or country. Indicate state's abbreviation. A: _____ B: _____ ..... 2.		2.
3. Enter your total Montana source income from Form 2, Schedule IV, line 16. Where applicable, this includes the share of income taxes paid that are claimed as a deduction by your S corporation or partnership..... 3.		3.
4. Enter your total income tax liability paid to the other state or country ..... 4.		4.
5. Enter your Montana tax liability from Form 2, line 48a ..... 5.		5.
6. Divide line 1 by line 2. Enter the percentage here, but not more than 100% ..... 6.		6.
7. Multiply line 4 by line 6 and enter the result here ..... 7.		7.
8. Divide line 1 by line 3. Enter the percentage here, but not more than 100% ..... 8.		8.
9. Multiply line 5 by line 8 and enter the result here ..... 9.		9.
10. Enter here and on Form 2, Schedule V, line 1, the smaller of the amounts reported on lines 4, 7, or 9 above. This is your credit for an income tax paid to another state or country..... 10.		10.

You are not entitled to a Montana tax credit for taxes paid to a foreign country if you claimed these foreign taxes paid as a foreign tax credit on your federal income tax return.

- If you claim this credit for an income tax paid by your S corporation or partnership see the instructions for Form 2, Schedule V, line 1 on page 30.
- Your credit is limited to an income tax liability paid on income that is also taxed by Montana.
- Your income taxes paid include excise taxes or franchise taxes that are imposed on and measured by the net income of your S

corporation or partnership.

- This is a nonrefundable credit and cannot reduce your Montana tax liability below zero.
- This is a nonrefundable single year credit. No unused credit amount can be carried forward.
- You will need to complete a separate Schedule VI or VII for each state or country that you have paid an income tax liability to. You cannot combine payments on one schedule.
- If you are a part-year resident, you have to allocate your income using Form 2, Schedule IV before completing Form 2, Schedule VII.



**Schedule VIII - Reporting of Special Transactions**

File Schedule VIII with your Montana Form 2

Complete Schedule VIII only if you and/or your spouse filed for federal income tax purposes any of the federal forms described below. Check the appropriate box indicating which form(s) you filed with your federal income tax return. If your answer is "Yes" to one or more of these forms, you will need to attach a complete copy of your federal income tax return Form 1040.

Check "Yes" if you filed any of the following forms with the Internal Revenue Service.

<p>1. I filed federal <b>Form 8264 - Application for Registration of a Tax Shelter</b> with the Internal Revenue Service.....1. Form 8264 is required to be filed to register a tax shelter.</p>	<p><input type="checkbox"/> Yes</p>
<p>2. I filed federal <b>Form 8271 - Investor Reporting of Tax Shelter Registration Number</b> with the Internal Revenue Service. ....2. Form 8271 is used to report the tax shelter registration number that the Internal Revenue Service assigns to certain tax shelters required to be registered under 26 USC 6111 and to report the name and identifying number of the tax shelter.</p>	<p><input type="checkbox"/> Yes</p>
<p>3. I filed federal <b>Form 8824 - Like-Kind Exchanges</b> with the Internal Revenue Service.....3. NOTE: Check "Yes" if your like-kind exchange includes Montana property. Nonresidents do not have to report a like-kind exchange if the properties involved do not include Montana property. Form 8824 is used to report each exchange of business or investment property for property of a like kind.</p>	<p><input type="checkbox"/> Yes</p>
<p>4. I filed federal <b>Form 8865 - Return of U.S. Persons With Respect to Certain Foreign Partnerships</b> with the Internal Revenue Service. ....4. Form 8865 is used to report the information required under 26 USC 6038 (reporting with respect to controlled foreign partnerships), section 6038B (reporting of transfers to foreign partnerships), or section 6046A (reporting of acquisitions, dispositions, and changes in foreign partnership interest).</p>	<p><input type="checkbox"/> Yes</p>
<p>5. I am required to file federal <b>Form 8886 - Reportable Transaction Disclosure Statement</b> with the Internal Revenue Service. ....5. Form 8886 is used to disclose information for each reportable transaction in which you participated.</p>	<p><input type="checkbox"/> Yes</p>
<p>6. I filed federal <b>Form 13656 - Notice of Election by Executive and Related Person to Participate in Announcement 2005-19 Settlement Initiative</b> with the Internal Revenue Service. ....6. Form 13656 is an election to participate in the settlement initiative as described in Announcement 2005-19 and as contained in Internal Revenue Bulletin 2005-11 dated March 14, 2005.</p>	<p><input type="checkbox"/> Yes</p>
<p>7. I filed federal <b>Form 13750 - Election to Participate in Announcement 2005-80 Settlement Initiative</b> with the Internal Revenue Service.....7. Form 13750 is an election to participate in the settlement initiative as described in Announcement 2005-80 and as contained in Internal Revenue Bulletin 2005-46 dated November 14, 2005.</p>	<p><input type="checkbox"/> Yes</p>